



J. TYLER McCAULEY
AUDITOR-CONTROLLER

**COUNTY OF LOS ANGELES
DEPARTMENT OF AUDITOR-CONTROLLER**

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December 11, 2002

TO: Supervisor Yvonne Brathwaite Burke, Chair
Supervisor Gloria Molina
Supervisor Zev Yaroslavsky
Supervisor Michael D. Antonovich
Supervisor Don Knabe

FROM: J. Tyler McCauley *J. Tyler McCauley*
Auditor-Controller

SUBJECT: **PROGRAM AND FISCAL MONITORING OF COMMUNITY AND SENIOR
SERVICES' FISCAL YEAR 2001-2002 DOMESTIC VIOLENCE
PROGRAM SERVICE PROVIDERS**

The Board of Supervisors has designated Community and Senior Services (CSS) to administer the Domestic Violence Program (DVP). The program is funded through funds received from the California Work Opportunity and Responsibility to Kids (CalWORKS) Domestic Violence Program and from marriage license fees for the Domestic Violence Emergency Shelter Program. CSS contracts with community based nonprofit organizations to provide services for these Programs.

CSS requested fiscal monitoring reviews of their Fiscal Year 2001-2002 service providers receiving DVP funds. The scope of these reviews is to monitor the providers' fiscal operations to enable the County to better ensure they are complying with applicable County and State regulations, which govern the DVP, and to provide early warning of problems.

We contracted with Simpson & Simpson, CPAs (Simpson) to conduct the monitoring. Simpson completed their monitoring for Fiscal Year 2001-2002 and has separately reported the results of their monitoring reviews for the 43 service providers (see Attachment I). Their final reports contained a total of 91 recommendations of which 38 were implemented to Simpson's satisfaction at the time they completed their follow-up reviews. The 53 outstanding recommendations addressed deficiencies related to contract compliance, accounting issues, and unmet performance goals. CSS informed us that they have resolved 43 of the 53 remaining deficiencies with the service providers and are in the process of resolving the remaining ten.

Simpson's management letter (Attachment II) included two recommendations regarding CSS' contract administration. The first recommendation related to CSS's monitoring instrument used by the CPA firm to monitor the service providers. The second

recommendation related to CSS effectively following up on contractors open findings to ensure corrective action has been taken. CSS's response to the management letter is included in Attachment III.

All reports were discussed with CSS and the service providers. Because of the number of service provider reports, copies of individual reports are not enclosed, but are available for your review.

Please call me or have your staff call Don Chadwick at (213) 974-0333 if you wish to review any reports.

JTM:DR

Attachments

- c: David E. Janssen, Chief Administrative Officer
Department of Community and Senior Services
 - Robert Ryans, Director
 - Roseann Donnelly, Project Supervisor
 - Violet Varona-Lukens, Executive Officer
 - Public Information Office
 - Audit Committee

SERVICE PROVIDERS
2000-2001 DOMESTIC VIOLENCE PROGRAM

1. 1736 Family Crisis Center
2. Akila Concepts, Inc.
3. Antelope Valley Domestic Violence Council
4. Asian Pacific American Legal Center
5. Association to Aid Victims of Domestic Violence
6. Bienvenidos Children's Center, Inc.
7. Center for Pacific Asian Family
8. Chicana Service Action Center
9. Children's Institute International
10. Community Counseling Service of Los Angeles
11. Community Legal Services of Los Angeles
12. East Los Angeles Women's Center
13. Foothill Family Services
14. Harriet Buhai Center for Family Law
15. Haven Hills, Inc.
16. Haven House
17. Helpline Youth Counseling, Inc.
18. House of Ruth, Inc.
19. Human Services Association
20. Institutes for Multicultural Educational Services
21. Interval House
22. Jenesse Center, Inc.
23. Jewish Family Services of Los Angeles
24. Legal Aid Foundation of Los Angeles
25. Los Angeles Center for Law & Justice
26. MJB Transitional Recovery
27. National Council on Alcohol and Drug Dependency
28. Neighborhood Legal Services of Los Angeles County
29. Ocean Park Community Center
30. Peace & Joy Care Center
31. Project: Peacemaker, Inc.
32. Prototypes
33. Rainbow Services, Ltd.
34. San Fernando Valley Community Mental Health Center
35. San Pedro Community Legal Services
36. Santa Anita Family Service
37. Southern California Alcohol & Drug Program
38. Su Casa Family Crisis and Support Center
39. Women Advancing the Valley
40. Women & Children's Crisis Center
41. Women Shelter of Long Beach
42. YWCA of Glendale Domestic Violence Project
43. YWCA of San Gabriel Valley / Wings

Mr. J. Tyler McCauley
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In planning and performing our fiscal monitoring of the Domestic Violence (DV) service providers for the Department of Community and Senior Services (CSS) for the 2000-2001 program year, we noted certain matters involving CSS' internal control structure relating to accounting and contract administration that we consider to be reportable conditions under standards established by the American Institute of Certified Public Accountants.

Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control that, in our judgment, could adversely affect the organization's ability to record, process, summarize, and report DV program grant expenditures.

Our observations and recommendations are presented in Exhibit I.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the DV program grant expenditures may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

The scope of our engagement was limited to monitoring DV service providers and did not include considering and providing assurance on CSS' internal control structure. Such monitoring would not disclose all matters in CSS' internal control structure that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses as defined above. However, we believe that the two conditions described in Exhibit I are material weaknesses.

This report is intended solely for the use of the County of Los Angeles and is not intended to be and should not be used by anyone other than the specified party.

Simpson & Simpson

Los Angeles, California
August 8, 2002

Condition # 1 – Monitoring Instrument

CSS' monitoring instrument does not contain specific procedures that allow for an effective fiscal monitoring of the service providers. The monitoring instrument was originally used by CSS' in-house staff monitors, who might have used the instrument as a base tool and performed additional procedures as they deemed necessary. However, an outside CPA firm contracted to perform the monitoring would typically approach the engagement as an agreed-upon procedures engagement, in which the contracted firms would perform only those procedures specifically requested by the client. As opposed to an audit engagement in which a firm is required to perform adequate procedures based on the firm's judgment to allow the firm to issue an audit opinion, a firm contracted to perform agreed-upon procedures engagements is only to perform the agreed-upon procedures and to report on the results of the performance of those procedures. The contracted firm does not guarantee whether the procedures are adequate to satisfy the client's objectives, and the firm also does not give any opinion on compliance or fair presentation of financial statements.

As a result, in order for CSS to effectively monitor its service providers using an outside CPA firm, the monitoring instrument provided to the firm should be comprehensive and should contain specific procedures designed to monitor the different aspects of fiscal compliance. We recommend that CSS develop a new monitoring instrument to be used for the monitoring of the service providers.

Condition # 2 – Follow-up on Open Findings

During our monitoring visits of a number of service providers, we came across findings which were repeated from the previous year. In those instances, the findings were reported in the previous year's monitoring report and were not closed as of our issuance of the follow-up report due to the service provider not having implemented the recommended corrective action. It appears to us that the reason for the perpetuation of these findings is that some of the service providers may not have an adequate understanding of the fiscal requirements of the contract. We recommend that CSS perform follow-up on those service providers that have open findings on our follow-up reports, and provide technical assistance if necessary.



ROBERT RYANS
Director

**COMMUNITY AND SENIOR SERVICES
OF LOS ANGELES COUNTY**

November 21, 2002

Attachment III
BOARD OF SUPERVISORS
GLORIA MOLINA
YVONNE BRATHWAITE BURKE
ZEV YAROSLAVSKY
DON KNABE
MICHAEL D. ANTONOVICH

To: J. Tyler McCauley
Auditor-Controller

From: Robert Ryans, Director
Community and Senior Services

Subject: **Simpson & Simpson Management Letter**

This is in response to the Management Letter, dated August 8, 2002, from Simpson and Simpson Certified Public Accountants regarding Community and Senior Services' (CSS) domestic violence programs internal control structure related to accounting and contract administration. The following is our response to Simpson and Simpson's recommendations.

Simpson and Simpson Recommendation #1 – Monitoring Instrument

In order for CSS to effectively monitor its service providers using an outside CPA firm, the monitoring instrument provided to the firm should be comprehensive and should contain specific procedures designed to monitor the different aspects of fiscal compliance. We recommend that CSS develop a new monitoring instrument to be used for the monitoring of the service providers.

CSS Response

CSS staff is currently enhancing the fiscal monitoring instrument to include all key contract components with assistance from Simpson and Simpson and the Auditor-Controller. The enhanced fiscal monitoring instrument will be implemented in December 2002.

Simpson and Simpson Recommendation #2 – Follow-up on Open Findings

We recommend that CSS perform follow-up on those service providers that have open findings on our follow-up reports, and provide technical assistance if necessary.

CSS Response

CSS has assigned a fiscal monitor to exclusively conduct follow-up reviews on service providers with open findings and to ensure corrective action plans are implemented. The fiscal monitor will also provide technical assistance, if necessary, to the service provider to acquire a better understanding of contract fiscal requirements. We will continue to work closely with our service providers, Simpson and Simpson, and the Auditor-Controller's Office to maintain a seamless fiscal monitoring program.

If you have any further questions or require additional information, you may call me at (213) 738-2617 or your staff may call Pam Smith, Program Manager, at (213) 738-2628.